

Role of LicTowards Corporate Social Responsibility

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ABSTRACT

This paper attempts to analyze the corporate social responsibility of Life Insurance Corporation (LIC) and highlight the various aspects of Life Insurance Corporation like CSR initiatives, investment in social sector, and claim settlement. Now a days there has been emergentreceiving of the outlook that business should be socially responsible to all the stakeholders says shareholders, employees, consumers, government, suppliers and society. The various CSR (Corporate Social Responsibility) initiatives undertaken by LIC (Life Insurance Corporation) such as Aam Admi Bima Yojana, Social Security Group Scheme, Pradhan Mantri Jan Dhan Yojana, Converged Pradhan Mantri Jeevan Jyoti Bima Yojana, Converged Aam Admi Bima Yojana Golden Jubilee Scholarship Scheme etc., to boost the poor section of the society and also made an attempt to revisionthe outcome of CSR on life insurance business of LIC and on its various stakeholders. LIC as a responsible corporate citizen has been satisfying its social responsibilities from time to time.

KEYWORDS: CSR concept, Various CSR initiatives, Investment in social sector and claim settlement by LIC.

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INTRODUCTION

Corporate social responsibility, if implemented in true sense, helps in enhancing the quality of stakeholders and the society at large. LIC as a responsible corporate inhabitant has been rewarding its social responsibilities from time to time. In fact, the largest parts of the LIC investments are geared towards industrial growth, infrastructure growth and national development. There are various CSR schemes of LIC offer life insurance under group policies to various groups such as employer, employees, professionals and weaker sections of society. The main features of group insurance schemes are low premium and simple insurability situation. Some of the group insurance schemes are group term insurance schemes, group gratuity scheme, and integrated rural scheme. **Company side view of LIC**; The parliament of India passed the Life Insurance Corporation Act on the 19th of June 1956. The Life Insurance Corporation of India popularly known as “LIC of India” was incorporated on September 1, 1956 by nationalizing 245 Indian as well as foreign companies with the objective of dispersal life insurance much more widely and in particular to the rural areas with a view to reach all insurable persons in the country, given that sufficient financial cover at a reasonable cost. It is wholly owned by the government of India and headquarter is Mumbai. Nationalization was accomplished in two stages; to begin with the management of the companies was taken over by means of an Ordinance, and later, the possession too by means of a comprehensive bill. LIC had 5 zonal offices, 33 divisional offices and 212 branch offices, to one side from its company office in the year 1956. Today (upto 31st march 2018) LIC functions with 2048 fully computerized branch offices, 113 divisional offices, 8 zonal offices, 1431 satellite offices and the 1226 mini offices. LIC has joined up with some banks and service providers to offer on-line best collection facility in selected cities. With a vision of given that easy right of entry to its policyholders, LIC has launched its ‘Satellite Sampark’ offices. LIC also offers insurance reporting to people below poverty line under social security groups’ schemes.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES UNDERTAKEN BY LIFE INSURANCE CORPORATION:-

Aam Admi Bima Yojana:

Janashree Bima Yojana and Aam Admi Bima Yojana were merged and Aam Admi Bima Yojana came into effect from 1 January 2013. The scheme provides life insurance protection to the rural and urban persons living below poverty line or marginally above poverty line. Social Security Scheme Aam Admi Bima Yojana has been providing a life risk cover of Rs. 30,000 to the enrolled beneficiaries as per the eligibility conditions notified by Government of India. Accidental and Total Permanent Disability cover of Rs. 75,000 and Partial Permanent Disability cover of Rs. 37,500 is also provided to enrolled members under the Scheme. Scholarship as “Add-On” benefit is provided

to eligible children of enrolled beneficiaries Rs. 100 per month. 50% of the total premium of Rs. 200 per member per annum under AABY is contributed from Government of India Social Security Fund maintained by LIC of India.

Converged Pradhan Mantri Jeevan Jyoti Bima Yojana:

With the launch of new Schemes Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY), it has been decided by Government of India to converge all existing schemes of Aam Aadmi Bima Yojana (AABY) to Pradhan Mantri Jeevan Jyoti Bima Yojana Pradhan Mantri Suraksha Bima Yojana with effect from 1st June 2017. Existing members of AABY are divided in two parts, i.e. members in age group 18 to 50 and members in age group 51 to 59 years. The part with members in age group 18 to 50 years is converged with PMJJBY / PMSBY. The part with members in age group 51 to 59 will continue in existing format of AABY. Members in age group 18 to 50 years are provided indemnity cover of Rs. 2 lakh under PMJJBY for the premium of Rs. 330 per annum. These members will also be covered under PMSBY for Accidental and Disability Insurance for premium of Rs. 12 per annum. The plan is named as converged PMJJBY/ PMSBY with a yearly premium of Rs. 342 only. Existing beneficiaries of AABY in age group 51 to 59 will continue to get the existing insurance benefits with current premium rate of Rs. 200 under Converged AABY Scheme. 50% of the premium i.e. Rs. 171 under the Converged PMJJBY/PMSBY scheme is borne by State Government / Agency/ Co-operative Society and balance 50% i.e. Rs. 171 is borne by Central Government through Social Security Fund maintained by LIC of India. As on 31st March 2018, Rs. 2.65 crore lives are converged to PMJJBY from AABY. They are getting the benefit of increased insurance cover.

Pradhan Mantri Jan Dhan Yojana:

Pradhan Mantri Jan Dhan Yojana was launched on 28 Aug. 2014. Under this scheme Bank accounts were opened and benefits are given to the account holders. One of the repayments is given that the Life Insurance covers of Rs. 30,000 on death due to any cause through Life Insurance Corporation of India. There is also a benefit of Accident Insurance Cover of Rs. 1 Lakh, provided by Government through General Insurance Companies. For availing the Life insurance coverage of Rs. 30,000 on death arising out of any cause under this scheme, a person should be between 18 to 59 years of age and he/she should have been enrolled under PMJDY between 15. Aug. 2014 to 31. Jan. 2015 & should be holder of a valid and in force RuPay Card.

Micro Insurance:

Micro Insurance Business vertical completed 5, 64,541 policies with of Rs. 9.93 crores First Premium Income in F.Y. 2017-18. Total number of policies covered by the vertical since inception is Rs. 1.96 crores and it has thus provided valuable insurance cover to the underprivileged and low income segments of the society. Micro Insurance policies are sold through a specialized distribution channel comprising of Non-Government Organizations (NGO), Self Help Groups (SHG), Micro Finance Institutions (MFI), Corporate Agents etc.

Golden Jubilee Scholarship Scheme:

“LIC Golden Jubilee Foundation” was established in the year 2006 as a part of LIC’s Community Service initiatives. The objectives of the groundwork are liberation of poverty or distress, improvement of Education, Medical Relief and expansion of any other object of General Public Utility. As on 31st march 2018, LIC has provided a corpus of Rs. 180 crore to the Foundation and the interest earned is utilized for funding various projects for charitable purposes. Since inception, the Foundation has supported NGOs dedicated to the above objectives through 444 projects which are located across the country. The organization has reached out to a lot of underprivileged sections of society all the way through the infrastructural support provided in the above areas. The Foundation has supported cost of treatment for children afflicted with cancer and undergoing treatment at TATA Memorial Hospital, Mumbai. Till date, 110 beneficiaries have been benefitted from the scheme across the country. The Foundation has funded for purchase of bus for transporting cancer patients from Tata Memorial Hospital, Mumbai to Tata Research Centre at Navi Mumbai. LIC GJF has adopted the poorest village, Govindpur under Sonbhadra District of Uttar Pradesh for Community Development activities, related to Literacy Campaign and Medical relief. LIC Golden Jubilee Scholarship Scheme is another initiative of the Foundation, which provides scholarships at the rate of 10,000 p.a to children from economically weaker sections of the society to follow higher education till they complete their graduation /professional course. As on march 31st.2018, 15,196 students have benefitted from the scheme.

Total Rs. 5.82 crore lives are covered under all above Social Security Schemes. During financial year 2017-18, 4368595 scholarships were disbursed to beneficiaries for an amount of Rs. 245.14 crore and an amount of Rs. 976.53 crore has been paid towards total number of 1, 55,602 claims under all Social Security Schemes.

REVIEW OF LITERATURE

Gangaiah (2015) state that the LIC as a responsible corporate citizen has been fulfilling its social responsibilities from time to time. In fact, the largest parts of the LIC funds are geared towards

industrial growth, infrastructure growth and national development. With the implementation of new schemes and CSR initiatives, the performance of LIC has been improved noticeably high in rural areas where private players are yet not reached. Vyas K. and Mathur P. (2016), highlighted that organized the world over that integrating social, environmental and ethical responsibilities into business ensures their long term success, competitiveness and sustainability. This come up to also reaffirms the sight that businesses are essential part of the social order and have significant and dynamic role to play in the provisions and enhancement of healthy ecosystem, in fostering social extensiveness and equity, and in maintenance the basics of ethical practices of an economic entity.

OBJECTIVES OF THE STUDY

- To study the thought of Corporate Social Responsibility.
- To know the CSR initiatives undertaken by the LIC.
- To analysis the investments in social sector by LIC.

RESEARCH METHODOLOGY

The current study is based on secondary data only. The present study data has been collected for the financial year 2017-18 from annual report of LIC and IRDAI, newspapers, journals that are related to LIC and insurance business. The information so collected has been classified, tabulated and analyzed as per the requirements of the objectives of the study.

DATA ANALYSIS AND INTERPRETRATION

Group and Social Security Schemes:

There are various group and social security schemes of LIC offer life insurance under group policies to various groups such as employer, employees, professionals and weaker sections of society. The main features of group insurance schemes one low premium and simple insurability conditions. LIC also offers insurance coverage to people below poverty line under social security groups' schemes. During the financial year 2017-18, 1, 55,602 numbers of claims amounting to Rs. 976.53 crore were paid under social security schemes as per the following details.

Table: 1 Group Schemes And Social Security Claims Under Various Social Security Schemes (2017-18)

SCHEME	Claims	
	No. of claims	Amount in Rs. (000)
Aam Admi Bima Yojana	1,05,072	36,70,350
Social Security Group Scheme	4,284	28,693
Pradhan Mantri Jan Dhan Yojana	1,037	31,110
Converged Pradhan Mantri Jeevan Jyoti Bima Yojana	27,400	54,,80000
Converged Aam Admi Bima Yojana	17,809	5,55,100
Total	1,55,602	97,65,253

(Source: annual report of LIC 2017- 18)

Table 1 shows that the various social security scheme provided by life insurance corporation. The total number of claims under various social security schemes are 1,55,602 and amount of total number of claims in Rs. 97,65,253 crore respectively. The total number claims 1, 05,072 of Aam Admi Bima Yojana and amount in Rs.54, 80,000 crore of Converged Pradhan Mantri Jeevan Jyoti Bima Yojana is maximum in comparison to other social security schemes provide by the life insurance corporation.

Investments in Social Sector:

The LIC has been investing its fund in different sectors of economy. Social responsibility is the constant endeavor of the corporation to provide security to as many people as possible and to channelize the saving mobilized for the welfare of the people at large. To meet the social responsibilities, the corporation has been promoting social welfare through investments in India structure and social sector which includes:-

- Projects/Schemes for generation and transmission of Power.
- Housing Sector.
- Water Supply and Sewerage Projects/Schemes.
- Development of Roads, Bridges and Road Transport.

Table: 2 Investment In Infrastructure And Social Sector By Lic

Social Purpose	Amount Advanced During 2017-2018 (Rs. in crore)
Power	14133.71
Housing Loans to state governments for housing schemes. Loans to apex co-operative housing finance societies and others. Debentures, bonds etc. to housing finance companies.	5274.14
Irrigation/Water Supply & Sewerage Schemes.	29.89
Road & bridges/STRC	20553.41
Other Infrastructure	1427.20
Total	41418.35

(Source: Annual Report of LIC-2017-18, Various Issues)

Above table 2 shows that the total investment in these sectors during 2017-2018 was Rs. 41418.35Crore. It has made an investment of Rs. 14133.71 crore for power supply and Rs. 5274.14 crore for housing loans under various housing schemes. It also commenced advancing maximum loans to state road transport corporations for purchasing vehicles, construction and renovation of bus depots, meeting capital requirements of other ancillary facilities. The LIC invested a very normal part of its investment in various schemes for social responsibility.

CONCLUSION

From the above discussion it is concludes that Life Insurance Corporation (LIC) has granted huge financial support in developing many projects, which are of great importance for social welfare.

The LIC has played a major role as the largest single contributing institution in the progress of rural electrification scheme in the country. The LIC is the only financial institution in the country which grants loans to Municipalities and Zila Parishads for water supply and sewerage disposal rendering invaluable services to fulfil the basic needs of the common man, both in rural and urban areas. Therefore in last we can says that corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of the labor force as well as the local society.

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